GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:5183
ANSWERED ON:11.05.2007
VIOLATION OF NORMS BY PRIVATE POWER DISTRIBUTION COMPANIES
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Will the Minister of POWER be pleased to state:

(a) whether the Union Government is aware that the private power distribution companies are violating the norms prescribed under the Electricity Act, 2003;

(b) if so, the details thereof; and

(c) the remedial measures being taken by the Union Government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (c) : The Distribution Companies are regulated by the respective State Electricity Regulatory Commissions under the provisions of the Electricity Act, 2003. The Act has provisions for imposition of penalty by the Electricity Regulatory Commission on a person (which includes a company or body corporate) for contravening any of the provisions of the Act or rules or regulations made thereunder or any direction issued by the Appropriate Electricity Regulatory Commission.

Information about the violation of the norms was sought from the SERCs of those seven states where private distribution companies are functioning.

The Electricity Regulatory Commissions of Kerala, Gujarat, Maharashtra and Uttar Pradesh have informed that they have not come across any such instances of violation of norms under the Electricity Act, 2003. The West Bengal Electricity Regulation Commission has not informed about any such matters.

Delhi Electricity Regulatory Commission (DERC) has informed that some cases of violation of the provisions of Electricity Act/Regulations have been reported to the Commission. The Commission, after giving a hearing on the matter, has imposed penalties in certain cases. Till date penalties have been imposed in 39 cases which ranges from Rs.500/ to Rs.1, 00,000/.

Orissa Electricity Regulatory Commission (OERC) has informed that the power distribution companies in Orissa are violating the norms prescribed under the Electricity Act, 2003 and has given following details:

(i) The Central Electricity Supply Company of Orissa Ltd. (CESCO) being managed by AES Corporation and Jyoti Structures Ltd. had not taken adequate steps to maintain the supply of electricity to the consumers in its area of supply and was, thus, contravening the conditions and requirements of the Distribution and Retail Supply License. Hence, OERC appointed a nominated officer of the State Govt. to take over the management and control of CESCO w.e.f. 27.08.2001 and subsequently the licence was revoked.

(ii) The three Reliance Energy Ltd. controlled private distribution companies, viz, NESCO, WESCO & SOUTHCO failed in regard to the direction contained in the order of the Commission relating to the Business Plan and also in regard to other violations.

Thus these distribution companies were found by the OERC to be unable to discharge the functions and perform duties imposed on them under the Act and also defaulting in complying with the directions given by the Commission under the Act from time to time. They were also found not acting as per the terms and conditions of their respective licenses. Hence, show-cause notices were served to them which are now sub-judice in the Hon`ble Supreme Court of India.